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MA Dept. of Public Health
99 Chauncy Street
Boston, MA 02111

Applications Department
Medical Use of Marijuana Program
Massachusetts Department of Public Health
99 Chauncy Street
Boston, MA 02111

May 17, 2016

RE: Response to Request for Information dated March 29, 2016, and Request for Information dated May 4, 2016

Dear Applications Department:

Regarding the March 29 RFI:

1. Please find an additional independent legal opinion regarding compliance with 105 CMR 725.100(A)(1) and the Guidance for Registered Marijuana Dispensaries Regarding Non-Profit Compliance attached hereto as **EXHIBIT A**. Please note that EXHIBIT A includes three documents: (1) the independent legal opinion; (2) the Affidavit of Michael Dundas; and (3) EXHIBIT 1 to the Affidavit.
 2. Sage Cannabis will respond to item number 2 from the March 29 RFI in a subsequent communication.
 3. The insurance policies recited in Article XI of Sage's Milford lease are not intended to be compliant with 105 CMR 725.105(Q). Sage has long maintained additional policies of insurance that are in compliance with 105 CMR 725.105(Q). The declarations pages for these additional policies are attached hereto as **EXHIBIT B** and **EXHIBIT C**. These policies are renewed on an annual basis.
 4. The Department states in its letter of March 29 that: "Article XIX of the [Milford] Lease calls for the Lessor, under certain circumstances, to re-possess the leased premises and any property therein." The Department has asked Sage to "identify the provisions of the lease that safeguard regulated assets from seizure by the Lessor or other parties unauthorized to possess them."
- Sage respectfully submits that the terms of Section XIX grant the landlord no such right to "re-possess" any property belonging to Sage, and that there are several provisions in the lease that "safeguard regulated assets." The last paragraph of Article XIX, Section 1 gives Lessor the right after an Event of Default "to re-enter and take complete possession of the Leased Premises, to

terminate this Lease, and remove the Lessee's effects, without prejudice to any remedies which might be otherwise used for arrears of rent or other default."

There is no provision in the Lease in which the Lessee grants the Lessor a security interest or similar right in any marijuana products, equipment or other personal property of the Tenant situated in the Demised Premises. Article VIII, Section 3 provides that "The Lessee shall at the expiration or earlier termination of this Lease remove its goods and effects and peaceably yield up the Demised Premises . . ." . The reference to early termination covers, among other things, termination occurring upon the Lessor's exercise of its rights under Article XIX in the event of Lessee's default.

In the event of default, Sage would first have the right "to remove its goods and effects" under Article VIII, before the Lessor could "re-enter and take complete possession of the Leased Premises" under Article XIX. In the process of removing its goods and effects, Sage would "dispose of [any] unused marijuana" pursuant to 105 CMR 725.105(O)(1) prior to the Lessor having the right to "re-enter" the premises.


Under the Lease, the Lessor has no right to claim ownership or any other equity or similar interest in any marijuana, MIPs or other of Lessee's goods and effects, nor does the Lessor have the right to foreclose on Sage's equipment, plants or other personal property located in the facility.

Regarding the May 4 RFI:

Mr. Mark Vlachos is now the individual responsible for marijuana for medical use cultivation for Sage Cannabis, Inc. Attached, please find the relevant sections of the Sage Management and Operations Profiles for Application 1 of 2 and Application 2 of 2 as they relate to that role, as well as a Character and Competency Form and an Education and Employment Form for Mr. Vlachos (marked collectively as **EXHIBIT D**).

If you have any follow up questions, please do not hesitate to reach out.

All the best,



Michael Dundas
Chief Executive Officer
Sage Cannabis, Inc.